



# ENERGY ASSURANCE DAILY

Tuesday Evening, December 02, 2008

## *Electricity*

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### **Substation Fire Cuts Power to 53,057 Ameren Customers in Missouri December 2**

Some 53,057 Ameren customers in Missouri lost power this morning due to a substation fire, the company reported. A transformer caught fire at the Watson Substation in Missouri around 4:30 AM, local time, triggering transformer blowouts and wire arcing, Ameren said. As of latest reports, only 1,065 customers remained without electricity.

<http://www.myfoxstl.com/myfox/pages/News/Detail?contentId=7983058&version=13&locale=EN-US&layoutCode=TSTY&pageId=3.2.1>

[http://www.ameren.com/Outage/ADC\\_MissouriOutageInformation.asp](http://www.ameren.com/Outage/ADC_MissouriOutageInformation.asp)

### **Exelon's 1,111 MW La Salle Nuke Unit 2 in Illinois Returns to Full Power December 2**

Exelon slowed the unit to 82 percent power last night to "perform repairs on equipment that provides position indication for one of the main turbine control valves," a spokesman said. The Nuclear Regulatory Commission reported that on the morning of December 1 the unit was operating at full power.

Bloomberg News, 10:25 December 2, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Update: AEP's 1,030 MW Cook Nuke Unit 1 in Michigan to Remain Offline until Second Half of 2009, or Possibly into 2010**

American Electric Power (AEP) is working to repair the unit's damaged turbine generator, and said in a press release that the unit might not return to service until the second half of 2009, or 2010. The unit shut on September 20 due to severe turbine vibrations, caused by broken low-pressure turbine blades. The incident damaged the main turbine and generator. If AEP can successfully repair the damaged equipment—and assuming it receives materials expeditiously—it could return the unit to service in September 2009. Under that scenario, it might restart the unit at slightly reduced rates. If, however, workers are unable to successfully complete repairs, the company will have to wait for new, replacement equipment. That would extend the unit's restart date to 2010.

<http://www.aep.com/newsroom/newsreleases/?id=1514>

### **Update: Progress Energy's 710 MW Robinson Nuke Unit 2 in South Carolina Ramped Up to 94 Percent by December 2**

Operators shut the unit on November 18 to replace a turbine seal, in an effort to reduce vibrations. The Nuclear Regulatory Commission reported that on the morning of December 1 the unit was not operating.

Bloomberg News, 07:05 December 2, 2008

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Duke's 222 MW Southbay Unit Gas-fired Unit 4 in California Shut by December 1**

According to the California Independent System Operator, the unit shut for unplanned reasons by December 1.

<http://www.caiso.com/unitstatus/data/unitstatus200812011515.html>

### **Update: Explosion at OPG's 215 MW Atikokan Coal-fired Unit in Ontario December 1**

Ontario Power Generation (OPG)'s 215 MW Atikokan coal-fired power plant sustained an explosion on December 1, the company said in a release. All employees were safe, and the cause of the incident was under investigation, as of yesterday. OPG did not specify the exact cause for the plant's December 1 shutdown.

<http://www.opg.com/news/releases/Atikokan.pdf>

### **OPG's 475 MW Nanticoke Coal-fired Unit 8 in Ontario Shuts by December 2**

Bloomberg News, 09:06 December 2, 2008

## **Update: Bruce Power's 750 MW Bruce Nuke Unit 4 in Ontario Back Online by December 2**

The company took the unit offline on November 20 to perform maintenance on the heat transport system. It was back online by today, according to a report from the Independent Electricity System Operator.

Reuters, 07:52 December 2, 2008

## **Update: SoCal Edison Installs First Solar Panels in 250 MW California Solar Power Plan**

Edison International's Southern California Edison installed 600,000 square feet of solar panels atop a Southern California distribution center, the first such installation in the company's 250 MW solar power plan. Edison expects to eventually install solar panels on two square miles of rooftops.

[http://www.edison.com/pressroom/hot\\_topics.asp?id=7143](http://www.edison.com/pressroom/hot_topics.asp?id=7143)

[http://www.modbee.com/state\\_wire/story/518290.html](http://www.modbee.com/state_wire/story/518290.html)

## **Florida Could Install as Much as 15,467 MW of Renewable Power Capacity by 2020, Navigant Consulting Study Says**

Under certain conditions, Florida could cost-effectively add 10,584 MW of solar power capacity, 2,614 MW of wind capacity, 2,062 MW of biomass-fired capacity, and 200 MW of waste-heat-based capacity, according to a Navigant Consulting study. The additions would be feasible, the study said, assuming certain factors—increased fuel prices, a carbon-dioxide tax, and others. The Florida Public Service Commission commissioned and released the study.

<http://www.platts.com/Electric%20Power/News/8209085.xml?p=Electric%20Power/News&sub=Electric%20Power>

## ***Petroleum***

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### **Power Blip Shuts 100,000 b/d FCC at ExxonMobil's 149,500 b/d Torrance, California Refinery December 1 -- Company Expects Normal Rates December 2**

A power interruption forced shut a 100,000 b/d gasoline-making fluidic catalytic cracking unit (FCC) yesterday morning, according to sources familiar with refinery operations. ExxonMobil said an upset had closed several processing units December 1, but did not mention which units were involved. Several of the affected units had already resumed service, a spokeswoman said, and the company expected to return the facility to normal rates by late afternoon, December 2. The company said earlier that it expected the incident to have some affect to production. It anticipated, however, that it could tap on-hand supplies to fulfill its contractual obligations. Separately, ExxonMobil reported flaring this morning, from the same unit that suffered an upset.

Bloomberg News, 10:47 December 2, 2008

DJN, 13:19 December 2, 2008

Reuters, 13:27 December 2, 2008

Reuters, 01:39 December 2, 2008

Reuters, 11:51 December 2, 2008

### **Enbridge Imposes 24 Percent Apportionment for December Deliveries along Portion of Crude Pipeline System**

According to a company statement, Enbridge imposed the apportionment after December nominations of light crude flows along Lines 2b and 13b were "significantly exceeding recent historical levels." The nominations, relating to lines from western Canada to the United States, totaled more than 2 million barrels. Enbridge said two factors could ease the constraints: the start-up of the 185,000 b/d Cromer-to-Clearbrook LSR line in January, and shippers later not sending the full amount of their nominations.

Reuters, 17:16 December 1, 2008

### **Minor Fire at Suncor Energy Oil Sands Upgrader in Alberta November 26 To Run at About 235,000 b/d in December, Company Says**

Suncor Energy expects to operate the upgrader at reduced rates in December, the company said, as it completes repairs related to a November 26 fire. The fire occurred as workers restarted a vacuum unit, following the completion of planned maintenance. The incident caused no injuries, and the blaze was extinguished within minutes. The affected upgrader has produced, on average, about 227,000 b/d in 2008. Despite the slowdown resulting from the fire, the company expects it to produce 300,000 b/d in 2009. .

<http://www.suncor.com/Default.aspx?cid=905&lang=1>

### **Shell Reduces Production at 155,000 b/d Scotford Oil Sands Upgrader in Alberta**

One of two residue hydroconverter units “experienced an internal failure” in mid-November, “and we had to shut it down for repairs,” a spokesman said. The incident also forced a reduction at Shell’s Muskeg River mine at the Athabasca Oil Sands Project. Shell is performing repairs, and running the facility at reduced rates; it expects the affected unit to remain down until late December. A spokesman did not say how much the upgrader was producing, but did say the company was generating more heavy oil than normal.

Bloomberg News, 12:23 December 2, 2008

Reuters, 12:35 December 2, 2008

### **Update: Iraq’s Basra Terminal at Normal Rates December 2**

Oil exports from Iraq’s Basra terminal ramped up to 1.7 million b/d on December 2, a shipping agent said, a day after deliveries dipped to 840,000 b/d. It was not clear what caused the disruption.

Reuters, 08:24 December 2, 2008

### **OPEC Oil Output Dips in November for Third Straight Month, but Quota-Bound Nations Still Producing Above Group Target—Reuters Survey**

OPEC’s quota-bound nations produced 28.07 million b/d, compared with a target output of 27.3 million b/d. The figure was lower than the 29.06 million b/d produced in October, but marked only 66 percent compliance with OPEC’s aim to reduce output by 1.5 million b/d, beginning November 1. OPEC decided to postpone any decision to further cut output at its most recent meeting.

Reuters, 10:49 December 2, 2008

Reuters, 12:33 December 2, 2008

### **Iraq Stops Oil Exports along Kirkuk-to-Ceyhan Pipeline December 1**

The Kirkuk, Iraq-to-Ceyhan, Turkey oil pipeline stopped deliveries yesterday afternoon, a shipping agent said. An Iraqi North Oil Company source said the shutdown had occurred for routine reasons, due to oil storage levels at Turkey’s Ceyhan port. A Turkish Energy Ministry source, however, said it was due to technical failure; the flow would resume shortly, he said.

Reuters, 10:53 December 2, 2008

### **Update: Koch, Shell Book Combined Seven VLCCs for Crude Storage, as Low Oil Prices Encourage Companies to Hold Out on Sales**

Koch has booked four Very Large Crude Carriers (VLCCs), and Shell an addition three, shipping sources reported December 1. The moves come amid shrinking oil demand and lagging prices, and suggest companies may store crude until conditions recover.

<http://www.platts.com/Oil/News/9651160.xml?p=Oil/News&sub=Oil>

### **Update: Chinese Companies to Develop 1.5 Million b/d, 48-inch, 249-mile Abu Dhabi Crude Oil Pipeline in the United Arab Emirates.**

The China National Petroleum Corporation (CNPC) and International Petroleum Investment Co. (IPIC) signed an energy procurement, and construction contract, related to the development of the Abu Dhabi Crude Oil Pipeline project. The pipeline will connect the Habshan Oilfield in the western United Arab Emirates, to the eastern Fujairah Port. It will have designed rated delivery capacity of 1.5 million b/d, and designed maximum capacity of 1.8 million b/d. The pipeline is expected to begin trial operations by 2010’s end, and be finished in August 2011. The China Petroleum Engineering & Construction Corporation (CPECC), and the China Petroleum Pipeline Bureau (CPPB) will jointly carry out the project.

[http://www.istockanalyst.com/article/viewiStockNews+articleid\\_2846586.html](http://www.istockanalyst.com/article/viewiStockNews+articleid_2846586.html)

[http://www.rigzone.com/news/article.asp?a\\_id=70187](http://www.rigzone.com/news/article.asp?a_id=70187)

### **Indonesia to Begin Production from Cepu Oil Block December 10 Block to Produce 165,000 b/d in 2012**

Indonesia plans to produce 500-to-1,000 b/d of oil from Cepu, beginning December 10, said an official at oil watchdog BPMIGAS. The Cepu block is expected to produce 20,000 b/d beginning in March, 2009, and ramp up to about 165,000 b/d in 2012. ExxonMobil and Indonesian state oil company, Pertamina, are developing Cepu.

Reuters, 06:51 December 2, 2008

### **Update: Russian Oil Exports Dip 12 Percent in November, Month-on-Month**

Oil exports from state pipeline operator Transneft fell by 12 percent in November, month-on-month, to a total 3.70 million b/d, according to data from Russia's Energy Ministry. Seaborne oil shipments slid by 15 percent over the period, to a total 2.38 million b/d. A news source attributed the decline to export duty taxes, with producers waiting for the government to reduce the cost of sending oil abroad. Russian oil production dropped slightly, from 9.86 million b/d in October to 9.82 million b/d in November.

Reuters, 05:02 December 2, 2008

Reuters, 05:06 December 2, 2008

Bloomberg News, 02:14 December 2, 2008

### **Update: Petrobras Begins Production at Platform P-53 in Campos Basin, Offshore Brazil**

Petrobras began production from Platform P-53 in the Campos Basin's Marlim Leste field on November 30, the Brazilian state oil company said in a press release. The platform can produce as much as 180,000 b/d of heavy oil. The company expects it to reach peak output in the first half of 2010.

[http://www.agenciapetrobrasdenoticias.com.br/materia.asp?id\\_editoria=8&id\\_noticia=5926](http://www.agenciapetrobrasdenoticias.com.br/materia.asp?id_editoria=8&id_noticia=5926)

### **Australian Oil Production Jumps 8.7 Percent, Year-on-Year, in September**

Australian crude output rose 8.7 percent, year-on-year, in September 2008, from 29.10 million barrels last year to 31.63 million barrels this year. A source credited the boost to the startup of Woodside Petroleum's offshore Vincent project, and strong output from BHP Billiton's Stybarrow field, also offshore.

<http://www.platts.com/Oil/News/9651056.xml?p=Oil/News&sub=Oil>

### **Shell Expects First Production in 2010 at Subsea Perdido Development in Gulf of Mexico**

Shell Oil Company set a world record, drilling 9,356 feet below the water's surface in the Silvertip Field at the Perdido Development Project. The Perdido Development, located about 200 miles from Houston in the Gulf of Mexico, will involve 35 wells and the capacity to handle 130,000 boe/d, Shell said in a release. The company expects first production around the turn of the decade.

[http://www.shell.us/home/content/usa/aboutshell/media\\_center/news\\_and\\_press\\_releases/2008/drilling\\_record\\_120208.html](http://www.shell.us/home/content/usa/aboutshell/media_center/news_and_press_releases/2008/drilling_record_120208.html)

### **Update: Calderon Says Mexico to Break Ground on New Refinery in 2009**

Mexican President Felipe Calderon said the nation will begin construction of a new refinery in 2009. Mexico has six refineries, at present, but still imports significant quantities of gasoline.

[http://www.downstreamtoday.com/News/Articles/200812/New\\_Refinery\\_Part\\_of\\_B\\_Mexican\\_Infras\\_14010.aspx](http://www.downstreamtoday.com/News/Articles/200812/New_Refinery_Part_of_B_Mexican_Infras_14010.aspx)

## ***Natural Gas***

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### **Update: U.S. Supreme Court Denies Islander East Pipeline's Appeal of Connecticut's Rejection of Proposed Natural Gas Pipeline in Long Island Sound**

The U.S. Supreme Court rejected the company's appeal over Connecticut regulators' earlier decision to deny it necessary permits. The 50-mile pipeline would have stretched through the Long Island Sound, connecting Connecticut and New York. Regulators cited environmental concerns in rejecting the bid. Islander East said it might design an alternate route for the line. Connecticut's Attorney General, however, called the decision "the death knell for this hugely destructive project." The company is a joint venture of Spectra Energy and KeySpan Energy (National Grid acquired KeySpan in 2007).

<http://www.theday.com/re.aspx?re=8f9fe72a-aff9-4df1-a467-fd3c9321560c>

### **Update: Ozark Gas Transmission Announces Increased Commitments for Firm Transportation Service along 500 MMcf/d, Oklahoma-to-Missouri Natural Gas Pipeline**

Ozark Gas Transmission received bids for about 125,000 Dth/d of capacity in its recent binding open season, the company said in a release. Ozark held the open season due to the placing in service of a new compressor station along its existing natural gas pipeline. Of that 125,000 Dth/d, Ozark awarded successful bidders 64,500 Dth/d of capacity. That new service will begin at the start of 2009. The Ozark natural gas pipeline stretches 565 miles, from southeastern Oklahoma, through Arkansas, and into southeastern Missouri. It has throughput capacity of about 500 MMcf/d. Ozark Gas Transmission is a wholly-owned subsidiary of Atlas Pipeline Partners.

<http://phx.corporate-ir.net/phoenix.zhtml?c=113240&p=irol-newsArticle&t=Regular&id=1231048&>

## **Southeast Supply Header Announces Non-Binding Open Season for Proposed Expansion of Existing 274-mile Natural Gas Pipeline System**

Southeast Supply Header announced it is conducting a non-binding open season for a proposed expansion of its natural gas pipeline system. At present, the pipeline runs from CenterPoint Energy's Perryville Hub in Louisiana to the Gulfstream Natural Gas System interconnection in Alabama. Southeast will determine the exact scope of the expansion after the open season. It expects to bring the project online as soon as mid-2011. The open season will stretch from Monday, December 1 through Friday, January 16. Southeast Supply Header is a 50/50 joint venture between affiliates of Spectra Energy and CenterPoint Energy.

[http://www.spectraenergy.com/news/releases/2008/dec/20081201\\_02.asp](http://www.spectraenergy.com/news/releases/2008/dec/20081201_02.asp)

## **Pacific Trail Pipelines Soliciting Expressions of Interest for Capacity in Proposed Canadian Natural Gas Pipeline**

Pacific Trail Pipelines Limited Partnership is seeking formal expressions of interest for its planned 288-mile, Kitimat-to-Summit Lake Looping Project (KSL Project) natural gas pipeline in British Columbia. The pipeline will stretch from an interconnect with Spectra Energy near Summit Lake, British Columbia, to an interconnect with Kitimat LNG's proposed liquefied natural gas (LNG) export terminal at Bish Cove, also in British Columbia. If it receives sufficient interest, the company will work to obtain regulatory approvals so it can begin construction.

<http://www.marketwire.com/press-release/Pacific-Trail-Pipelines-Limited-Partnership-926115.html>

## **Other News**

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### **Update: Kinder Morgan Begins Commercial Operations of Ethanol Transportation on Central Florida Pipeline System**

Kinder Morgan Energy Partners is now transporting commercial batches of denatured ethanol, along with gasoline shipments, on its 16-inch Central Florida Pipeline (CFPL), the company said December 2. The start-up makes CFPL the first transmarket gasoline pipeline in the United States to ship ethanol.

<http://phx.corporate-ir.net/phoenix.zhtml?c=119776&p=irol-newsArticle&ID=1231520&highlight=>

## **Energy Prices**

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| <b>U.S. Oil and Gas Prices</b>                                       |              |                 |                 |
|--|--------------|-----------------|-----------------|
| December 2, 2008   |              |                 |                 |
|  | <b>Today</b> | <b>Week Ago</b> | <b>Year Ago</b> |
| <b>CRUDE OIL</b><br><b>West Texas Intermediate U.S.</b><br>\$/Barrel | 48.85        | 50.22           | 89.93           |
| <b>NATURAL GAS</b><br><b>Henry Hub</b><br>\$/Million Btu             | 6.68         | 6.85            | 7.45            |

Source: Reuters

## **Energy Notes**

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### **FPL Breaks Ground on Planned 75 MW Martin Next Generation Solar Energy Center in Florida December 2**

DJN, 11:00 December 2, 2008

### **Update: Regulators to Hold Public Hearings on SCE&G's Proposed Nuclear Reactors in South Carolina**

[http://www.wjbf.com/jbf/news/state\\_regional/south\\_carolina/article/sc\\_regulators\\_to\\_hold\\_hearings\\_on\\_reactor\\_request/9102/](http://www.wjbf.com/jbf/news/state_regional/south_carolina/article/sc_regulators_to_hold_hearings_on_reactor_request/9102/)



**DOE Report Calls Heat and Power Technology (CHP) “One of the Most Promising Options in the US Energy Efficiency Portfolio**

<http://www.platts.com/Electric%20Power/News/8209535.xml?p=Electric%20Power/News&sub=Electric%20Power>

**Valero Reports Flaring at 199,500 b/d Texas City, Texas Refinery November 30**

Bloomberg News, 13:18 December 1, 2008

**Oil Futures Drop to Three-Year Low, \$47.36/barrel on NYMEX December 2**

Bloomberg News, 13:23 December 2, 2008

**Update: U.S. Gasoline Prices Drop 8.1 Cents, to \$1.811/Gallon in Week Ended December 1—DOE**

Bloomberg News, 16:54 December 1, 2008

**New Zealand Oil & Gas Seeks to Expand 32,000 b/d FPSO Umuroa at Tui Oil field to 180,000 b/d**

[http://www.rigzone.com/news/article.asp?a\\_id=70119](http://www.rigzone.com/news/article.asp?a_id=70119)

**Update: Iraq to Initiate Second Licensing Round, 14 Oilfields, by 2008 End or Early 2009**

[http://www.rigzone.com/news/article.asp?a\\_id=70146](http://www.rigzone.com/news/article.asp?a_id=70146)

**Update: Mexico Reopens Dos Bocas and Coatzacoalcas Oil Export Ports December 1 after Weather-Related Shutdowns**

Reuters, 17:24 December 1, 2008

**Leak, Compressor Shutdown at Salt Creek Gas Plant in Texas December 1-2**

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=117209>

**Process Power Solutions Considers Biorefinery in Arkansas**

[http://www.thedailycitizen.com/articles/2008/12/02/news/local\\_news/news01.txt](http://www.thedailycitizen.com/articles/2008/12/02/news/local_news/news01.txt)

**Update: Court Approves VeraSun Request to Cancel Corn Contracts during Bankruptcy**

Bloomberg News, 12:59 December 2, 2008

**Man Injured after Pipeline Valve Breaks at MarkWest Liberty Gas Gathering’s Houston Gas Plant in Pennsylvania November 30**

<http://www.postgazette.com/pg/08336/931885-58.stm>

## **Links**

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

## ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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